

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 330 provides that commencing October 1, 2025, the rate of the sales tax shall be 5%, except that such rate shall be 2.75% on transactions that occur within that portion of a good life district established pursuant to the Good Life Transformational Projects Act which is located within the corporate limits of a city or village and 15.5% on sales of alcoholic liquor as defined in section 53-103.02.

The bill amends section 77-27,132 to credit to the Highway Trust Fund all of the proceeds of the sales and use taxes derived from the sale or lease for periods of more than 31 days of motor vehicles, trailers, and semitrailers, except that the proceeds equal to a sales tax rate of 0.5% derived from the sale or lease for periods of more than 31 days of motor vehicles, trailers, and semitrailers shall be credited to the Highway Allocation Fund.

The bill also amends section 77-27,132 to provide that for transactions occurring on or after October 1, 2025, of the proceeds of the sales and use taxes derived from the sale of alcoholic liquor as defined in section 53-103.02, credit 50% to the Alcohol Addiction Prevention and Treatment Fund and 50% to the Education Future Fund. The amount to be credited shall be determined quarterly by the Tax Commissioner.

The bill creates the Alcohol Addiction Prevention and Treatment Fund. The Fund shall be administered by the Department of Health and Human Services (DHHS) and shall consist of money transferred pursuant to section 77-27,132. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. The fund shall be used by DHHS for the prevention and treatment of alcohol addiction.

Revenues:

The Department of Revenue (DOR) estimates the following fiscal impact as a result of the bill:

	FY26	FY27	FY28	FY29
General Fund Revenues	\$ (157,436,000)	\$ (243,343,000)	\$ (250,699,000)	\$ (258,310,000)
Highway Allocation Fund	\$ (11,000)	\$ (19,000)	\$ (20,000)	\$ (21,000)
Highway Trust Fund	\$ (19,771,000)	\$ (34,864,000)	\$ (35,862,000)	\$ (36,889,000)
Alcohol Addiction Prevention and Treatment Fund	\$ 1,879,000	\$ 3,946,000	\$ 4,143,000	\$ 4,350,000
Education Future Fund	\$ 1,879,000	\$ 3,946,000	\$ 4,143,000	\$ 4,350,000
Aeronautics Capital Improvement Fund	\$ (207,000)	\$ (373,000)	\$ (392,000)	\$ (412,000)
Game and Parks Commission Capital Maintenance Fund	\$ (417,000)	\$ (719,000)	\$ (725,000)	\$ (733,000)
General Fund Total	\$ (157,436,000)	\$ (243,343,000)	\$ (250,699,000)	\$ (258,310,000)
Cash Fund Total	\$ (16,637,000)	\$ (28,064,000)	\$ (28,693,000)	\$ (29,334,000)
Local Total	\$ (11,000)	\$ (19,000)	\$ (20,000)	\$ (21,000)
Overall Total	\$ (174,084,000)	\$ (271,426,000)	\$ (279,412,000)	\$ (287,665,000)

There is estimated to be a revenue decrease to the Highway Trust Fund and the Highway Allocation Fund, which is distributed to cities and counties.

The Nebraska Department of Transportation (NDOT) notes that it would consider the decrease in revenue to the Highway Trust Fund during the motor fuels tax setting and adjust the variable rate accordingly to generate revenue based on NDOT's Highway Cash Fund appropriation set by the Legislature.

These revenue impacts could be delayed depending on when the DOR completes the necessary IT changes from the change in sales tax rates as a result of this bill.

Expenditures:

The DOR estimates a programming charge of \$1,000,000 in FY26, \$1,300,000 in FY27, and \$1,382,980 in FY28 to be paid to the Office of the Chief Information Officer (OCIO) for mainframe and web development. Ongoing maintenance costs to be paid to the OCIO are estimated by the DOR to be \$736,596 annually. The DOR estimates the need for 2.0 FTE Fiscal Compliance Analyst, and an Information Technology Applications Developer-Senior, Revenue Agent, and Revenue Operations Clerk II, as well.

DHHS estimates the need for a Program Coordinator in the amount of \$64,483 in FY26 and \$90,276 in FY27 from the Alcohol Addiction Prevention and Treatment Fund with the remaining revenue that is credited to the Alcohol Addiction Prevention and Treatment Fund appropriated to utilize the funds for the prevention and treatment of alcohol addiction.

The timing of the personnel expenditures depends, in part, on when the IT changes to collect the revenue are completed.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 330	AM:	AGENCY/POLT. SUB: Nebraska Department of Education	
REVIEWED BY: Ryan Yang	DATE: 1/23/2025	PHONE: (402) 471-4178	
COMMENTS: No basis to disagree with the Nebraska Department of Education assessment of indeterminate fiscal impact from LB 330			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 330	AM:	AGENCY/POLT. SUB: Nebraska Department of Transportation (NDOT)	
REVIEWED BY: Ryan Yang	DATE: 3/19/2025	PHONE: (402) 471-4178	
COMMENTS: The NDOT assessment of fiscal impact from LB 330 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 330 AM: AGENCY/POLT. SUB: Nebraska Department of Health and Human Services (DHHS)

REVIEWED BY: Ryan Yang DATE: 3/18/2025 PHONE: (402) 471-4178

COMMENTS: The DHHS assessment of fiscal impact from LB 330 appears reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 330 AM: AGENCY/POLT. SUB: Department of Economic Development

REVIEWED BY: Ryan Yang DATE: 2/20/25 PHONE: (402) 471-4178

COMMENTS: The Department of Economic Development assessment of no fiscal impact to the Department from LB 330 appears reasonable.

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 330

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Economic Development

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/13/25 Phone: ⁽⁵⁾ (402) 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB330 would reduce the state sales and use tax rate from 5.5 percent to 5.0 percent beginning on October 1, 2025, and the sales tax rate on alcoholic liquor would be increased from 5.5 percent to 15.5 percent. Within a Good Life District, the state sales tax rate would remain 2.75 percent, except on alcoholic liquor where the rate would be 15.5 percent. The proceeds from the tax on alcoholic liquor would be divided equally between the Education Future Fund and a new Alcohol Addiction Prevention and Treatment Fund.

The provisions of LB330 would have no impact on DED programs or operations and would have no fiscal impact on the Department.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 330

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/22/25 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 330 changes the sales tax rate on October 1, 2025 to 5% with the exception of alcoholic liquor which is changed to 15.5%. The sales tax generated by the alcoholic liquor tax is to be split between the Alcohol Addiction Prevention and Treatment Fund and the Education Future Fund.

Fiscal impact cannot be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 330

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Transportation

Prepared by: ⁽³⁾ Jenessa Boynton Date Prepared: ⁽⁴⁾ 3/17/2025 Phone: ⁽⁵⁾ 402-479-4691

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	See below	_____	See below
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	See below	_____	See below
TOTAL FUNDS	=====	See below	=====	See below

Explanation of Estimate:

LB330 proposes changing provisions relating to the sales tax rate and the creation of the Alcohol Addiction Prevention and Treatment Fund. Beginning October 1, 2025, the total state sales tax rate shall be reduced from five and one-half percent to five percent, with a two and three-quarters percent sales tax rate on transactions in designated good life districts. A fifteen and one-half percent tax is proposed on sales of alcohol with fifty percent of the revenue generated from sales use tax on alcohol deposited to the Alcohol Addiction Prevention and Treatment Fund administered by the Department of Health and Human Services and the other fifty percent deposited to the Education Future Fund. Further, 0.5% of the state motor vehicle sales tax revenue is allocated directly to the Highway Allocation Fund.

Nebraska Department of Transportation (NDOT) has estimated, with guidance from the Department of Revenue, the fiscal impact to the Highway Trust Fund (motor vehicle sales) and Aeronautics Capital Improvement Fund (aircraft sales) should a change in the sales tax rate from 5.5% to 5% be enacted. By law, motor vehicle sales tax revenue, excluding the 0.5% rate allocated directly to the Highway Allocation Fund, is divided 53 1/3% to the Highway Cash Fund for NDOT and 46 2/3% to the Highway Allocation Fund for cities and counties as shown in the table below.

	FY2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029
Highway Trust Fund	(\$19,709,000)	(\$34,757,000)	(\$35,749,000)	(\$36,770,000)
Highway Cash Fund (NDOT- 53.3%)	(\$10,511,861)	(\$18,537,762)	(\$19,066,849)	(\$19,611,402)
Highway Allocation Fund (cities and counties – 46.6%)	(\$9,197,139)	(\$16,219,238)	(\$16,682,151)	(\$17,158,598)
Aeronautics Capital Improvement Fund (NDOT)	(\$207,000)	(\$373,000)	(\$392,000)	(\$412,000)

During FY2025-26 and FY2026-27 and subsequent years, NDOT would consider the decrease in revenue to the Highway Trust Fund during the motor fuels tax setting and adjust the variable rate accordingly to generate revenue based on the NDOT's Highway Cash Fund appropriation set by the Legislature. Currently, there is no mechanism available to recover the decrease in revenue to the Highway Allocation Fund, which is shared by cities and counties, and the NDOT Aeronautics Capital Improvement Fund.

The fiscal impact of a 15.5% sales tax on alcohol allocated to the Alcohol Addition Prevention and Treatment Fund and the Education Future Fund would have the below impact to the Build Nebraska Act funding as estimated by NDOT, with guidance from the Department of Revenue.

Revenue to Build Nebraska Act Funds				
	FY2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029
Highway Trust Fund (NDOT)	(\$62,000)	(\$107,000)	(\$113,000)	(\$119,000)
Highway Allocation Fund (cities and counties)	(\$11,000)	(\$19,000)	(\$20,000)	(\$21,000)
Total	(\$73,000)	(\$126,000)	(\$133,000)	(\$140,000)

The decrease in revenue in the Build Nebraska Act funding will result in less funding available for NDOT highway construction projects, such as for expansion of the expressway system, and to the Highway Allocation Fund for cities and counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 3-17-25

Phone: (5) 471-6719

	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>	<u>See Below</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Beginning October 1, 2025, fifty percent of proceeds of the sales and use taxes derived from the sale of alcoholic liquor will go to the Alcohol Addiction Prevention and Treatment Fund. An additional FTE would be required to adequately manage this funding and any necessary contracts or agreements. The additional 1 FTE, a DHHS Program Coordinator (C73260), will be paid for from the Alcohol Addiction Prevention and Treatment Fund. The total personnel cost will be \$64,483 in fiscal year 2026 and \$90,276 in fiscal year 2027.

Services provided will include different evidence-based alcohol prevention and treatment services, for which the Division of Behavioral Health (DBH) has set rates for. The amount of revenue generated by the tax is unknown, but the department would need cash authority equal to the estimated revenue in order to utilize the funds as directed.

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			<u>See Above</u>	<u>See Above</u>

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFO:				
Approved by: James R. Kamm		Date Prepared: 03/19/2025				
		Phone: 471-5896				
	FY 2025-2026		FY 2026-2027		FY 2027-2028	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$1,375,800	\$(157,436,000)	\$1,662,300	\$(243,343,000)	\$1,745,280	\$(250,699,000)
Cash Funds		\$(16,637,000)		\$(28,064,000)		\$(28,693,000)
Federal Funds						
Other Funds		\$(11,000)		\$(19,000)		\$(20,000)
Total Funds	\$1,375,800	\$(174,084,000)	\$1,662,300	\$(271,426,000)	\$1,745,280	\$(279,412,000)

LB 330 will reduce the state sales and use tax rate from 5.5% to 5.0%.

LB 330 also imposes a new state sales and use tax rate of 15.5% on sales of alcoholic liquor as defined in Section 53.103.02. Proceeds from sales and use tax derived from the sale of alcoholic liquor will be credited by the Department of Revenue (DOR) in the amount of 50% to the Alcohol Addiction Prevention and Treatment Fund and 50% to the Education Future Fund. This allocation will be determined quarterly by DOR. The Alcohol Addiction Prevention and Treatment Fund is created and administered by DHHS.

LB 330 requires 0.5% of the motor vehicle sale or lease for periods of more than thirty-one days will be allocated to the Highway Allocation Fund.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	25-26	26-27	27-28	25-26	26-27	27-28
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
A21211	Fiscal Compliance Analyst	2.0	2.0	2.0	\$97,500	\$100,700	\$100,700
A07012	Information Technology Applications Developer/Senior	1.0	1.0	1.0	\$82,600	\$82,600	\$82,600
X29222	Revenue Agent	1.0	1.0	1.0	\$44,600	\$44,600	\$44,600
S29112	Revenue Op Clerk II	1.0	1.0	1.0	\$39,000	\$39,000	\$39,000
Benefits.....					\$87,100	\$89,900	\$89,900
Operating Costs.....					\$1,000,000	\$1,300,000	\$1,382,980
Travel.....							
Capital Outlay.....					\$25,000		
Capital Improvements.....							
Total.....					\$1,375,800	\$1,662,300	\$1,745,280

The estimated fiscal impact of LB 330 to the General Fund revenues and various cash funds would be as follows:

	FY2025-26	FY2026-27	FY2027-28	FY2028-29
General Fund Revenues	\$ (157,436,000)	\$ (243,343,000)	\$ (250,699,000)	\$ (258,310,000)
Highway Allocation Fund	\$ (11,000)	\$ (19,000)	\$ (20,000)	\$ (21,000)
Highway Trust Fund	\$ (19,771,000)	\$ (34,864,000)	\$ (35,862,000)	\$ (36,889,000)
Alcohol Addiction Prevention and Treatment Fund	\$ 1,879,000	\$ 3,946,000	\$ 4,143,000	\$ 4,350,000
Education Future Fund	\$ 1,879,000	\$ 3,946,000	\$ 4,143,000	\$ 4,350,000
Aeronautics Capital Improvement Fund	\$ (207,000)	\$ (373,000)	\$ (392,000)	\$ (412,000)
Game and Parks Commission Capital Maintenance Fund	\$ (417,000)	\$ (719,000)	\$ (725,000)	\$ (733,000)

LB 330 will require a programming charge of \$1,000,000 in year one, \$1,300,000 in year two, and \$1,382,980 in year three paid to the OCIO for mainframe development and web development. Once developed, there will be ongoing maintenance of \$736,596 annually. The DOR will need to hire 2.0 FTE of fiscal compliance Analyst, 1.0 FTE of Information Technology Applications Developer/Senior, and 1.0 FTE of Revenue Agent, and 1.0 FTE of Revenue Operation Clerk II for the implementation of LB 330.